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TAGS: [PGOV](#) [EAGR](#) [AR](#)
SUBJECT: ARGENTINA: AGRICULTURE SECTOR STRIKES TAKE
POLITICAL TOLL ON THE GOVERNMENT

REF: A. BUENOS AIRES 587 AND PREVIOUS

- [1](#)B. BUENOS AIRES 665
- [1](#)C. BUENOS AIRES 651
- [1](#)D. BUENOS AIRES 610
- [1](#)E. BUENOS AIRES 652

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) & (d).

[1](#)1. (C) Summary: The agricultural crisis that has dominated headlines for the past two months has knocked the administration of Cristina Fernandez de Kirchner (CFK) back on its heels. Faced with plummeting poll numbers that indicate a lack of confidence in CFK's government and society-wide concern over inflation, the Kirchners may be reconsidering their "take-no-prisoners" governing style, at least tactically. As it becomes more clear that the Kirchners' hard-line approach was making too many enemies at once, the government has apparently offered a "truce" to the Clarin media group to encourage a more conciliatory image in its TV and press coverage as well as indicating its openness to dialogue with farmers (ref E).

[1](#)2. (C) The Justicialist (Peronist) party (PJ) has held together to support the government despite some dissident voices. The conflict, however, places many Kirchner-allied elected representatives in a tough spot, forcing them to choose between Kirchner-controlled pursestrings and their constituents. Having opened battlefronts with farmers (the most widely admired sector in Argentina) and the media (particularly the powerful "Clarín" group), the Kirchners also seemed to be at odds with the church, as well as powerful industrial and banking groups. In the face of this political turbulence, some analysts see an opportunity for the anti-Kirchner opposition to unite, but the opposition is still too weak and inept to be a major player. In order to restore public confidence, CFK will need to show that she can solve problems now on the table -- not only in the conflict with the farmers but also in the long-standing effort to control inflation. Septel will report decision by farm groups to lift the strike and return to talks. End summary.

Falling in the Polls

[1](#)3. (SBU) The president's approval ratings have been drastically declining, and the government's strategies on the farmer's strike, the media, and inflation do not appear to be working. CFK's approval ratings now hover around 38%, according to reliable polling firms Ipsos and Poliarquia. Both polling firms tracked similar 26-30 point drops in CFK's approval ratings since taking office in December 2007. Even more worrisome is that both polls note that confidence in the government is at only 27-28%, and this number coincides with those who approve of the government's economic management. Finally, the decision to take on media-mogul Clarin was poorly timed. 50% of Argentines say that the media was balanced in their coverage of the agricultural strikes, and 74% say that freedom of the press is a fundamental right that should not be altered.

¶4. (C) CFK was elected with 45% of the vote in October, and enjoyed a post-inaugural honeymoon with ratings that peaked (according to Poliarquia) around 64% at the beginning of 2008. Since then, accelerating inflation and the government's confrontation with the crucial agricultural sector have fed growing anxiety about the economy. Her husband NK's image has also fallen in the polls, but not as far as CFK's. His image approval (according to Poliarquia) is at 49%, similar to when he left office, although his negatives are climbing. One contact told the Ambassador that a precipitous fall in CFK's approval ratings to around 25% would be the only thing that would force her to change policy direction, primarily to avert a disaster reminiscent of President Fernando De La Rúa, who fled the country at the end of 2001 in the face of growing popular unrest. Ipsos polls also indicate the Kirchners' strategy of blaming the farmers for inflation and trying to discredit them has not worked. Ipsos reported in May that 69% of people think that CFK was weakened by how she managed the crisis, and 51% believe the farmers were strengthened. Ipsos reports that the farmers have enjoyed high marks in the polls since the late 1990s, and are considered by Argentines the group that has contributed the most to society. CFK's drop in the polls has not yet translated into any significant gains for opposition leaders, not even for last year's presidential runner-up, Elisa Carrió of the Civic Coalition.

Let's Make a Deal...

¶5. (C) The government's falling public image probably prompted the Kirchners to turn down the volume on the very

public conflict with media-behemoth Clarín (ref A) as well as to signal its openness to dialogue with striking farm groups.

National daily "Crítica" reported on May 19 that the government brokered a deal with Clarín on May 14. Cabinet Chief Alberto Fernández reportedly received a promise from Jorge Rendo, Clarín's Director of Institutional Affairs, that the paper would stop its criticisms of the government. In exchange, Fernández assured Rendo that the government would disavow its slander campaign against Clarín. The top-circulation daily's headlines have since been less confrontational and emphasized the conciliatory nature the Kirchners are trying to project. (A well-placed source confirmed to the Ambassador the "truce" was worked out over dinner about 10 days ago, but adds that it is just a truce and the battle will likely be renewed by the government in the future.)

PJ Disciplined, Despite Differences

¶6. (SBU) Socialist governor of Santa Fe Hermes Binner has, from the December 2007 outset of his administration, laid claim to being a moderate leader of the opposition by visibly advocating for the farmers (a key constituency in Santa Fe). Some few PJ governors and legislators -- particularly elected representatives who hail from agricultural areas -- distanced themselves from the government early in the conflict. Of the PJ governors, only Córdoba governor Juan Schiaretti has distinguished himself as a visible supporter of the agricultural sector. Schiaretti, whose province is one of the top agricultural producers, chose early on to support the rural sector and has not attended a government or PJ rally since the crisis began. He is the only PJ governor who has agreed to meet with the rural sector representatives to encourage the government to dialogue. La Pampa governor Oscar Jorge called his province's farmers to a meeting May 13, but then stood them up, sending his Production Minister to meet with them instead. Other PJ governors like Chubut's Mario Das Neves were vocal in criticizing the Casa Rosada's management at the beginning, but have since kept quiet. The government still controls most purse strings for the provinces through the co-participation of federal revenues, which provides a strong incentive not to break with the official line.

¶7. (SBU) The Kirchners' official bloc in the lower house of Congress has been less reluctant to express differences with how the government had handled the conflict with the farmers, and some threatened to break with the bloc. Deputy and PJ vice president Beatriz Rojkes (wife of Tucuman governor Jose Alperovich) tried to calm the situation by explaining that "for the deputies from the interior of the country, this situation (with the farmers) is unsustainable. We have to face the rural producers every day." Rojkes highlights an essential element of the crisis -- the conflict is putting governors, legislators, and mayors in a difficult spot: between their constituents and the Kirchner government.

¶8. (C) The PJ's hard-core electoral base has traditionally been estimated at about 30-35% of the electorate. The opposition parties have not been able chip away at this base, making it probable that any leader to succeed the Kirchners will come from the PJ. Former vice president and current Governor of Buenos Aires province Daniel Scioli has approval ratings of over 50% with negligible negatives, and has been mentioned as an up-and-coming leader in the PJ, where Kirchner named him first vice president. Scioli has maintained a low profile during the agricultural crisis. He originally offered to mediate between agricultural groups and government, but has since avoided making public comments. Scioli still depends heavily on the Kirchners for political support and money; his debt-ridden provincial government requires the GOA's financial assistance. He has therefore pragmatically refrained from challenging the official line.

Who Let the Piqueteros Out?

¶9. (SBU) In the face of the rural sector's decision to demonstrate their dissatisfaction in the streets, the government has responded in kind with government-aligned social activist "piquetero" groups. Piquetero Luis D'Elia and CGT "teamsters" leader Hugo Moyano have been visibly active in the conflict with the campo. Kirchner-affiliated piqueteros descended on shopping centers and grocery stores May 7 to intimidate stores to lower prices, in clear support of the policies of Commerce Secretary and price czar Guillermo Moreno. D'Elia reportedly wants to sign an accord with Moreno to formally list him and his cronies as "informants" for the Secretariat of Commerce. Publicly, the government has denied formal ties to the groups, but the public and most Argentines see the piqueteros as an extension

of the Kirchners. Just an hour after the agriculture sector announced a march in Rosario on May 25 (ref B), D'Elia (who still holds a GOA office, and has been seated for all to see near CFK during some recent pro-government rallies) announced the piqueteros would hold a counter-march in support of the government. (Unknown assailants are apparently also damaging large containers with harvested crops in the fields in what looks like an effort to force farmers to market the crops or lose them.)

Opposition: Learning to Crawl Before They Walk

¶10. (C) Opposition parties, largely absent from media coverage of the farmer's strike, rallied in Congress on May 13 to express their support for the rural sector. After three hours of discussions, deputies and senators from the Civic Coalition, Radical Civic Union (UCR), center-right Pro, the Socialist Party, and a number of smaller parties agreed to propose a law that would repeal the export tax increases announced on March 11. Given the Kirchners' significant majority in Congress, the bill is unlikely to pass, but still marks a watershed for the opposition. UCR deputy Oscar Aguad said "getting all of the opposition together was as difficult for us as it was for (the agricultural sector) to unite." The opposition has a long way to go -- they have not been a major political force in years and are still learning to get along with one another. As conservative Lopez-Murphy highlighted in his meeting with the Ambassador (ref C), the

key problem the opposition faces is the lack of unity and leadership. A win in the 2009 legislative elections would provide the opposition political credibility from which it could more easily launch a national campaign in 2011.

¶11. (SBU) The government's response to the agricultural strikes inadvertently gave the opposition a hand. Although CFK swept rural areas in the 2007 presidential election, her heavy-handed response to the crisis may have lost her the rural vote for the 2009 mid-term legislative elections. Indeed, CFK has also alienated consumers who had been placated by pre-election increases in the real value of their salaries. The opposition has not yet demonstrated the ability to capture these votes, but its May 13 meeting with agricultural leaders suggests that it is finally starting to try to capitalize on discontent in the Argentine farm belt.

Comment

¶12. (C) The agricultural crisis has shifted the political map. CFK won the election six months ago when inflation was not the number one public concern, when rural voters were solidly behind her, and when retirees and consumers had been placated by pre-election increases in pensions and salaries. The prolonged agricultural crisis fuels public anxieties about the government's management of the economy and the sustainability of the dramatic recovery from the 2001-02 crisis. The precipitous drop in the polls has encouraged the Kirchners to change their style and adopt a conciliatory approach, at least tactically. Tellingly, the government reportedly has put on the back burner its plans to "re-launch" CFK's administration with the announcement of cabinet changes and negotiations to reach a broad social pact (ref D). Business and banking groups had resisted government pressure to sign a pact without a solution to the farm crisis. The Catholic Church too showed it felt offended by the government's decision to move the May 25 celebration to Salta from Buenos Aires, so that Cardinal Bergoglio would not be the one giving the traditional May 25 church sermon (likely to be critical of the government). The real test, however, is if the government can bring about and get credit for a solution to the crisis, and then convince the public that the government is really addressing a chronic Argentine worry: inflation. Septel will look at agriculture sector's decision to return to negotiations.

WAYNE